iMmedical.

# Appendix 4D

## Half Year Report
## For The Period Ended 31 December 2012
(Previous corresponding period: Half Year End 31 December 2011)

*This Half Year Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.2A.3.*

## Results for Announcement to The Market

### Revenue and Net Profit/(Loss)

| | | Percentage Change % | | Amount $ |
|---|---|---|---|---|
| Revenues from continuing operations | Down | 41% | To | $3,490 |
| (Loss) from continuing activities after income tax attributable to members | Down | 57% | To | ($266,125) |
| Net (loss) attributable to members | Down | 68% | To | ($326,125) |

### Dividends (Distributions)

| | Amount per security | Franked amount per security |
|---|---|---|
| Interim dividend | Nil | N/A |
| The record date for determining entitlements to the final dividend is | N/A | N/A |
| **Previous corresponding period** | | |
| Interim dividend | Nil | N/A |

**Brief explanation necessary to enable the above to be understood**

The net loss after tax for the period was $326,125 compared to a loss of $1,009,442 for the same period last year.

The Company continues to investigate acquisition and investment opportunities.

## Net Tangible Assets per Security

Net tangible assets per security (with comparative figure for the previous corresponding period):

| | Current period | Previous corresponding period |
|---|---|---|
| Net tangible assets security | $0.0004 cents | $0.004 cents |

It should be noted that the NTA of $0.004 per share in December 2011 included the value of the Radiology Business held for sale at $2,093,482 ($0.002 cents). In March 2012, under the capital reduction, this was distributed to shareholders as either cash or in the form of shares in Capitol Health Limited.

**The accounts attached have been subject to a review.**

**This half yearly report is to be read in conjunction with the half-year financial report and the most recent annual financial report.**

# IM MEDICAL LIMITED

ABN: 47 009 436 908

Financial Report for the
Half-year ended 31 December 2012

# Directors' report

The directors of IM Medical Limited (the Company) submit herewith the financial report of the Company and its subsidiaries (the Consolidated entity) for the half-year ended 31 December 2012. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### Director names

The names of the directors of the Company during the half-year and until the date of this report are below. All directors were in office for the entire period, unless otherwise stated.

Mr Nigel Blaze

Mr Richard Wadley

Mr Paul Burton (formerly: Quarrell)

### Review and results of operations

(a) *Review and results of operations*

The loss for the half year was $326,125 compared to a loss of $1,009,442 for the corresponding period.

(b) *Future development*

The Company has held discussions with other parties regarding a number of potential investment opportunities. This process will continue until a suitable investment can be put before shareholders. Once the Company has secured an investment, suitably qualified Directors will be appointed to lead the process.

(c) *Review of financial conditions*

Over the last six months the Company has incurred a number of "one-off" costs. It is expected that in the second half of the year, the Company will continue its programme of identifying a suitable investment opportunity subject to the constraints identified in Note 1 to the financial report.

(d) *Risk management and corporate governance practices*

The Board has delegated to the Audit, Risk and Compliance Committee responsibility for overseeing the implementation of policies and procedures aimed at ensuring that the consolidated entity conducts its operations in a manner that manages risk to protect its people, the environment, consolidated entity assets and reputation.

(e) *Subsequent events*

There has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Consolidated entity, the results of those operations or the state of affairs on the Consolidated entity in future financial years.

### Auditor's independence declaration

The auditor's independence declaration is included on page 15 of the half-year financial report.

Signed in accordance with a resolution of the directors and made pursuant to s306(3) of The Corporations Act 2001.
On behalf of the Board of Directors

**Nigel Blaze**
Director
27 February 2013
Melbourne

# Directors' declaration

The directors declare that:

a) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

b) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s303(5) of the Corporations Act 2001.

On behalf of the Board of Directors

**Nigel Blaze**
Director
27 February 2013
Melbourne

## Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2012

| | Note | 31 Dec 2012 $ | 31 Dec 2011 $ |
|---|---|---|---|
| **Continuing Operations** | | | |
| Revenue | | 3,490 | 5,906 |
| Depreciation and amortisation | | - | - |
| Corporate administration | | (177,954) | (303,247) |
| Occupancy and administration | | - | (99,193) |
| Consulting fees | | (5,810) | (70,116) |
| Director and employee benefits | | (76,990) | (128,486) |
| Other expenses | | (8,861) | (25,796) |
| **Loss before income tax expense** | | **(266,125)** | **(620,932)** |
| Income tax expense | | - | - |
| Loss for the period from continuing operations | | (266,125) | (620,932) |
| **Discontinued Operations** | | | |
| Loss from discontinued operations | 3 | (60,000) | (388,510) |
| **Loss for the period** | | **(326,125)** | **(1,009,442)** |
| Other comprehensive income | | - | - |
| **Total comprehensive income for the period** | | **(326,125)** | **(1,009,442)** |
| **Continuing and Discontinued Operations** | | | |
| Basic loss per share (cents per share) | | (0.04) | (0.1) |
| Diluted loss per share (cents per share) | | (0.04) | (0.1) |
| **Continuing Operations** | | | |
| Basic loss per share (cents per share) | | (0.03) | (0.1) |
| Diluted loss per share (cents per share) | | (0.03) | (0.1) |

The above condensed consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.

## Condensed consolidated statement of financial position as at 31 December 2012

| | Note | 31 Dec 2012 $ | 30 Jun 2012 $ |
|---|---|---|---|
| **Current Assets** | | | |
| Cash and cash equivalents | | 333,503 | 633,753 |
| GST refundable | | 14,889 | 13,242 |
| Sundry debtors | | 6,167 | - |
| Prepayments | | 32,985 | 47,411 |
| Assets classified as held for sale | 3 | - | 60,000 |
| **Total current assets** | | **387,544** | 754,406 |
| **Total assets** | | **387,544** | 754,406 |
| **Current liabilities** | | | |
| Trade and other payables | | 41,448 | 82,185 |
| **Total current liabilities** | | **41,448** | 82,185 |
| **Total liabilities** | | **41,448** | 82,185 |
| | | | - |
| **Net assets** | | **346,096** | 672,221 |
| **Equity** | | | |
| Issued capital | 2(a) | 21,810,949 | 21,810,949 |
| Accumulated losses | | (21,464,853) | (21,138,728) |
| **Total equity** | | **346,096** | 672,221 |

The above condensed consolidated statement of financial position is to be read in conjunction with the attached notes.

# Condensed consolidated statement of changes in equity for the half-year ended 31 December 2012

| Consolidated | Issued capital | Accumulated losses | Total |
|---|---|---|---|
| | $ | $ | $ |
| Balance at 1 July 2011 | 20,847,808 | (20,254,915) | 592,893 |
| Total comprehensive loss for the period | - | (1,009,442) | (1,009,442) |
| Proceeds from the issue of shares | 3,268,659 | - | 3,268,659 |
| **Balance as at 31 December 2011** | **24,116,467** | **(21,264,357)** | **2,852,110** |
| Balance at 1 July 2012 | 21,810,949 | (21,138,728) | 672,221 |
| Total comprehensive loss for the period | - | (326,125) | (326,125) |
| **Balance as at 31 December 2012** | **21,810,949** | **(21,464,853)** | **346,096** |

The above condensed consolidated statement of changes in equity is to be read in conjunction with the attached notes.

# Condensed consolidated statement of cash flows for the half-year ended 31 December 2012

| | 31 Dec 2012 $ | 31 Dec 2011 $ |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Receipts from customers | - | - |
| Payments to suppliers and employees | (303,740) | (1,486,516) |
| Interest received | 3,490 | 2,898 |
| Interest paid | - | (41,413) |
| Net cash flows used in operating activities | (300,250) | (1,525,031) |
| **Cash Flows from Investing Activities** | | |
| Proceeds on sale of plant and equipment | - | 2,890 |
| Net cash flows provided by investing activities | - | 2,890 |
| **Cash Flows from Financing Activities** | | |
| Proceeds from issue of securities | - | 3,588,998 |
| Payment of capital raising costs | - | (320,339) |
| Repayment of borrowings | - | (918,073) |
| Net cash flows provided by financing activities | - | 2,350,586 |
| **Net (decrease)/increase in cash held** | **(300,250)** | **828,445** |
| **Cash at beginning of the financial period** | **633,753** | **382,598** |
| **Cash at the end of the financial period** | **333,503** | **1,211,043** |

The above condensed consolidated statement of cash flows is to be read in conjunction with the attached notes.

# Condensed Notes to the consolidated interim financial report for the half-year ended 31 December 2012

## 1. Summary of significant accounting policies

### Basis of Preparation

### Statement of compliance

The half-year financial report is a general purpose condensed financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

### Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2012 financial report for the financial year ended 30 June 2012, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

### Going concern basis

The financial statements are prepared on the going concern basis, which contemplates the continuity of normal business activities, and the realisation of assets and the settlement of liabilities in the ordinary course of business.

At 31 December 2012 the Consolidated entity has an excess of current assets over current liabilities of $346,096 (30 June 2012: $672,221) and for the half year ended 31 December 2012, recorded net losses of $326,125 (31 December 2011: $1,009,442) and incurred negative cash flows from operations of $300,250 (31 December 2011: $1,525,031). As at 31 December 2012 the consolidated entity has accumulated losses of $21,464,853 (30 June 2012: $21,138,728).

To continue as a going concern the Consolidated entity requires the generation of sufficient funds from operating activities and the raising of additional equity upon identifying an appropriate investment opportunity. Various failed initiatives have been investigated during the half-year which included carrying out due diligence procedures on potential investments.

Cash reserves in place at the date of this report and cash flow forecasts indicate that the Consolidated entity will have sufficient cash flows to continue to pay its debts as and when they fall due if it only incurs nominal cash outflows relating to the maintenance of a corporate administration function.

However, to investigate and perform due diligence procedures on potential investments, the Consolidated entity will need to incur additional cash outflows over and above the nominal cash outflows. Depending on the level of expenditure incurred in relation to the future investment activities, the Consolidated entity may expend its cash reserves before the end of the 12 month period from the date of signing this financial report. Based on the expenditure incurred in investigating potential investment opportunities in the preceding 6 months this is likely to occur around December 2013. In this event the Consolidated entity will have to raise further capital.

Notwithstanding the above, the financial report has been prepared on the going concern basis based on the following assumptions:

- The directors will continue to explore investment opportunities for the Consolidated entity that may result in future cash flows and;
- The ability of the Consolidated entity to raise further equity, where necessary, to fund the identification of potential investment opportunities and;
- The ability to successfully complete the acquisition of an identified investment opportunity and, where necessary, raise further capital to fund that acquisition.

In the event that the above initiatives do not eventuate or do not generate sufficient cash flows from operations there is significant uncertainty as to whether the Consolidated entity will be able to continue as a going concern. If the Consolidated entity is unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial statements.

The financial statements do not include adjustments, if any, relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Consolidated entity not continue as a going concern.

**New or revised Standards and Interpretations that are first effective in the current reporting period**

The Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year. New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Consolidated Entity include:

Amendments to AASB 1, 5, 7, 101, 112, 120, 121, 132, 133 and 134 as a consequence of AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'. The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Consolidated Entity's accounting policies and has no effect on the amounts reported for the current or prior half-years. However, the application of AASB 2011-9 has resulted in changes to the Consolidated Entity's presentation of, or disclosure in, its half-year financial statements.

AASB 2011-9 introduces new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

## 2. Issued capital

| | Company at 31 Dec 2012 | | Company at 30 Jun 2012 | |
|---|---|---|---|---|
| | Number | $ | Number | $ |
| **(a) Issued capital** | | | | |
| Ordinary shares fully paid | 828,437,692 | 21,810,949 | 828,437,692 | 21,810,949 |
| Share option reserve | 811,561,298 | - | 811,906,193 | - |
| | | **21,810,949** | | 21,810,949 |
| **(b) Movements in shares on issue** | | | | |
| Balance at beginning of the financial period | 828,437,692 | 21,810,949 | 5,527,476,886 | 20,847,808 |
| Share consolidation | - | - | (5,416,926,930) | - |
| Equity raisings | - | - | 717,814,136 | 3,588.998 |
| less transaction costs | - | - | - | (320,340) |
| Exercise of options | - | - | 73,600 | 736 |
| Capital reduction | - | - | - | (2,306,253) |
| Balance at the end of the financial period | **828,437,692** | **21,810,949** | **828,437,692** | **21,810,949** |

| | Consolidated 31 Dec 2012 | | Consolidated 30 Jun 2012 | |
|---|---|---|---|---|
| | Number | $ | Number | $ |
| **(c) Movements in share option reserve** | | | | |
| Balance at beginning of the financial period | 811,906,193 | - | 4,731,862,273 | - |
| Share and Option consolidation | - | - | (4,637,225,028) | - |
| Granted during the period | | | | |
| - Granted under capital raisings | - | - | 717,799,736 | - |
| Exercise of options and transfer to issued capital | - | | (73.600) | |
| Expiration of options | (344,895) | - | (457,188) | - |
| Balance at the end of the financial period | **811,561,298** | **-** | **811,906,193** | **-** |

## 3. Discontinuing operations

In November 2011, the Company appointed a firm to dispose of the Intelliheart division of the Company.

The sale of the radiology business received shareholder approval at IM Medical Limited's annual general meeting on 23 November 2011 and was completed in March 2012.

The following were the results for the period from discontinuing operations:

| | 31 Dec 2012<br>$ | 31 Dec 2011<br>$ |
|---|---|---|
| Revenue | - | - |
| Operating expenses | - | (279,880) |
| Impairment | (60,000) | (108,630) |
| Loss before income tax expense | (60,000) | (388,510) |
| Income tax expense | - | - |
| Loss after income tax expense | (60,000) | (388,510) |

The following were the cash flows for the period from discontinuing operations:

| | 31 Dec 2012<br>$ | 31 Dec 2011<br>$ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Receipts from customers | - | - |
| Payments to suppliers and employees | - | (140,702) |
| Interest received | - | - |
| Interest paid | - | - |
| Net cash flows used in operating activities | - | (140,702) |
| **Cash flows from investing activities** | | |
| Proceeds on sale of plant and equipment | - | - |
| Payment for plant and equipment | - | - |
| Net cash flows used in investing activities | - | - |
| **Cash flows from financing activities** | | |
| Proceeds from borrowings | - | 13,000 |
| Repayment of borrowings | - | - |
| Net cash flows provided by financing activities | - | 13,000 |
| **Net decrease in cash held** | - | (127,702) |
| **Cash at beginning of financial period** | - | 80,946 |
| **Cash at end of financial period** | - | (46,756) |

Carrying value of assets and liabilities

| | 31 Dec 2012<br>$ | 30 June 2012<br>$ |
|---|---|---|
| **Total assets classified as held for sale** | | |
| Intelliheart | 60,000 | 60,000 |
| Provision for impairment | (60,000) | - |
| | - | 60,000 |
| **Total liabilities classified as held for sale** | | |
| Intelliheart | - | - |
| | - | - |

Based on the sale and marketing activity surrounding the Intelliheart asset a further impairment charge of $60,000 (31 December 2011: $108,630) was recognised in the statement of comprehensive income for the half-year period ended 31 December 2011. The asset is classified as a held for sale asset in the current asset section of the statement of financial position.

## 4. Subsequent events

No matters or circumstances have arisen since the end of the reporting period which have significantly affected or may significantly affect the operations of the Consolidated entity, the results of those operations, or the state of affairs of the Consolidated entity in subsequent financial periods.

## 5. Dividends

The Directors resolved not to declare any dividends for the period ended 31 December 2012 (31 December 2011: Nil).

## 6. Segment information

The following is an analysis of the Consolidated entity's revenue and results by reportable operating segment for the periods under review.

| | Revenue | | Segment loss | |
|---|---|---|---|---|
| | Half -year ended | | Half -year ended | |
| | 31 Dec 2012 $ | 31 Dec 2011 $ | 31 Dec 2012 $ | 31 Dec 2011 $ |
| **Continuing operations** | | | | |
| Corporate | 3,490 | 5,906 | (266,125) | (620,932) |
| **Discontinuing operations** | | | | |
| Radiology | - | - | - | (272,511) |
| Intelliheart tests | - | - | (60,000) | (115,999) |
| Loss before tax | | | (326,125) | (1,009,442) |
| Income tax expense | | | - | - |
| Consolidated segment revenue and loss for the period | 3,490 | 5,906 | (326,125) | (1,009,442) |

The following is an analysis of the Consolidated entity's assets and liabilities by reportable operating segment:

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | 31 Dec 2012 $ | 30 June 2012 $ | 31 Dec 2012 $ | 30 June 2012 $ |
| **Continuing operations** | | | | |
| Corporate | 387,544 | 694,406 | 41,448 | 82,185 |
| **Discontinuing operations** | | | | |
| Intelliheart tests | - | 60,000 | - | - |
| Total segment assets and liabilities | 387,544 | 754,406 | 41,448 | 82,185 |
| Total assets and liabilities | 387,544 | 754,406 | 41,448 | 82,185 |

## 7. Contingent liability

An entity in the Consolidated entity is a third defendant in a legal action involving executive health tests conducted in 2006. The directors believe, based on legal advice, that no losses are likely to be incurred as a result of this legal action.

## 8. Commitments

None.

Deloitte.

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The Board of Directors
IM Medical Limited
Level 40, 140 Williams Street
MELBOURNE VIC 3000

27 February 2013

Dear Board Members

**IM Medical Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of IM Medical Limited.

As lead audit partner for the review of the financial statements of IM Medical Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Paul Carr
Partner
Chartered Accountants

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# Independent Auditor's Review Report to the members of IM Medical Limited

We have reviewed the accompanying half-year financial report of IM Medical Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2012, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 14.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of IM Medical Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of IM Medical Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Deloitte.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of IM Medical Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

*Material Uncertainty Regarding Continuance as a Going Concern*

Without modifying our conclusion, we draw attention to Note 1 in the financial report which states that the consolidated entity incurred a net loss of $326,125 (2011: $1,009,442) and incurred negative cash flows from operations of $300,250 (2011: $1,525,031) during the half year ended 31 December 2012. As at 31 December 2012 the consolidated entity had accumulated losses of $21,464,853 (30 June 2012: $21,138,728). These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and extinguish its liabilities in the normal course of business.

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DELOITTE TOUCHE TOHMATSU

Paul Carr
Partner
Chartered Accountants
Melbourne, 27 February 2013